

To the Members of the California State Assembly:

I am returning Assembly Bill 1883 without my signature.

This measure would require a workers' compensation insurance proof-of-coverage website be established by an independent rating organization. Though I do not question the importance of ensuring public access to information on workers' compensation coverage, I am concerned that this bill, as written, will have little positive effect on the fight against workers' compensation fraud and could actually generate more confusion than good.

The parties most likely to use this new website already have sufficient access to information on workers' compensation coverage. For instance, enforcement agencies already have direct access to the rating organization's records and individuals have the ability to check for workers' compensation insurance through the rating organization or the Department of Insurance.

Unfortunately, this bill has too many gaps to merit signing. For instance, the website would not address the numerous employers that are self-insured or covered through a joint powers authority. In addition, many employers, such as some family businesses, are legally exempt from the requirement to obtain coverage. This bill would give the public the misperception that these employers are violating the law. Furthermore, due to the inherent delays in processing payments for compensation insurance and recording the data, the online website could fail to provide the most accurate indicator of whether an employer has purchased compensation.

California employers already pay assessments of over \$30 million annually to fight workers' compensation fraud. This bill would increase those costs for a program that, as proposed, would do little to deter fraud. I will work with the Legislature to look at how the recent reforms have impacted non-compliance, determine how best to target those employers committing fraud, and then develop programs that do not force additional costs on law-abiding employers.

Sincerely,

Arnold Schwarzenegger